

02

QUARTERLY REPORT

LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)

FOR THE QUARTER ENDED MARCH 31, 2005

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

BALANCE SHEETS

AS OF MARCH 31, 2005 AND 2004

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 13,457	\$ 19,890
2	Short-Term Investments.....	-	-
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts-(2005, \$8,705; 2004, \$7,290).....Note 2.....	119,816	131,572
4	Inventories.....Note 1.....	2,195	2,641
5	Prepaid Expenses and Other Current Assets.....	3,465	2,547
6	Total Current Assets.....	138,933	156,650
7	Investments, Advances, and Receivables.....Note 3.....	16,701	18,011
8	Property and Equipment - Gross.....Notes 1, 4 & 10.....	935,482	904,527
9	Less: Accumulated Depreciation and Amortization.....	(397,766)	(382,854)
10	Property and Equipment - Net.....	537,716	521,673
11	Other Assets.....Note 5.....	25,072	5,040
12	Total Assets.....	\$ 718,422	\$ 701,374
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable.....	\$ 6,981	\$ 2,815
14	Notes Payable.....Note 6.....	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....Note 9.....	-	-
16	Other.....Note 10.....	31	28
17	Income Taxes Payable and Accrued.....Note 1.....	-	-
18	Other Accrued Expenses.....Note 7.....	37,712	31,484
19	Other Current Liabilities.....Note 8.....	62,206	72,965
20	Total Current Liabilities.....	106,930	107,292
	Long-Term Debt:		
21	Due to Affiliates.....Note 9.....	518,330	518,330
22	Other.....Note 10.....	661	692
23	Deferred Credits.....	-	-
24	Other Liabilities.....	6,337	5,938
25	Commitments and Contingencies		
26	Total Liabilities.....	632,258	632,252
27	Stockholders', Partners', or Proprietor's Equity.....	86,164	69,122
28	Total Liabilities and Equity.....	\$ 718,422	\$ 701,374

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
	Revenue:		
1	Casino.....Note 1.....	\$ 116,733	\$ 120,426
2	Rooms.....	8,606	8,370
3	Food and Beverage.....	13,675	15,156
4	Other.....	4,516	5,198
5	Total Revenue.....	143,530	149,150
6	Less: Promotional Allowances.....Note 1.....	27,838	30,254
7	Net Revenue.....	115,692	118,896
	Costs and Expenses:		
8	Cost of Goods and Services.....	62,509	64,422
9	Selling, General, and Administrative.....	18,930	17,141
10	Provision for Doubtful Accounts.....	869	491
11	Total Costs and Expenses.....	82,308	82,054
12	Gross Operating Profit.....	33,384	36,842
13	Depreciation and Amortization.....Note 1.....	8,440	8,730
	Charges from Affiliates Other than Interest:		
14	Management Fees.....Note 11.....	3,772	3,881
15	Other.....Note 11.....	1,614	1,635
16	Income (Loss) from Operations.....	19,558	22,596
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....Note 6 & 9.....	(9,984)	(10,906)
18	Interest (Expense) - External.....Note 10.....	(122)	(118)
19	Investment Alternative Tax and Related Income (Expense) -.....Note 1.....	(383)	(591)
20	Nonoperating Income (Expense) - Net.....Note 12.....	(170)	107
21	Total Other Income (Expenses).....	(10,659)	(11,508)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	8,899	11,088
23	Provision (Credit) for Income Taxes.....Note 1.....	4,208	5,102
24	Income (Loss) Before Extraordinary Items.....	4,691	5,986
	Extraordinary Items (Net of Income Taxes -		
25	20__, \$; 20__, \$).....		
26	Net Income (Loss).....	\$ 4,691	\$ 5,986

The accompanying notes are an integral part of the financial statements.
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STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004 AND THE THREE MONTHS ENDED MARCH 31, 2005

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2003.....	100	\$ 1,370		\$	\$ 46,065	\$	\$ 15,701	\$ 63,136
2	Net Income (Loss) - 2004.....							18,337	18,337
3	Contribution to Paid-in-Capital.....								-
4	Dividends.....								-
5	Prior Period Adjustments.....								-
6									-
7									-
8									-
9									-
10	Balance, December 31, 2004.....	100	1,370	-	-	46,065	-	34,038	81,473
11	Net Income (Loss) - March 31, 2005.....							4,691	4,691
12	Contribution to Paid-in -Capital.....								-
13	Dividends.....								-
14	Prior Period Adjustments.....								-
15									-
16									-
17									-
18									-
19	Balance, March 31, 2005.....	100	\$ 1,370	-	\$	\$ 46,065	\$	\$ 38,729	\$ 86,164

The accompanying notes are an integral part of the financial statements.
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STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004
AND THE THREE MONTHS ENDED MARCH 31, 2005

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2003.....	\$	\$	\$	\$
2	Net Income (Loss) - 2004.....				
3	Capital Contributions.....				
4	Capital Withdrawals.....				
5	Partnership Distributions.....				
6	Prior Period Adjustments.....				
7				
8				
9				
10	Balance, December 31, 2004.....				
11	Net Income (Loss) - 2005.....				
12	Capital Contributions.....				
13	Capital Withdrawals.....				
14	Partnership Distributions.....				
15	Prior Period Adjustments.....				
16				
17				
18				
19	Balance, March 31, 2005.....	\$	\$	\$	\$

THIS FORM IS NOT APPLICABLE

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ 5,405	\$ 13,641
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities.....	-	-
3	Proceeds from the Sale of Short-Term Investment Securities.....	-	-
4	Cash Outflows for Property and Equipment.....	(13,662)	(3,098)
5	Proceeds from Disposition of Property and Equipment.....	23	36
6	Purchase of Casino Reinvestment Obligations.....	(1,322)	(1,525)
7	Purchase of Other Investments and Loans/Advances made.....	316	819
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....	-	-
9	Cash Outflows to Acquire Business Entities.....	-	-
10			
11			
12	Net Cash Provided (Used) By Investing Activities.....	(14,645)	(3,768)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt.....	-	-
14	Payments to Settle Short-Term Debt.....	-	-
15	Cash Proceeds from Issuance of Long-Term Debt.....	-	-
16	Costs of Issuing Debt.....	-	-
17	Payments to Settle Long-Term Debt.....	-	(33)
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	-	-
19	Purchases of Treasury Stock.....	-	-
20	Payments of Dividends or Capital Withdrawals.....	-	-
21			
22	Borrowings/Payments of Intercompany Payable.....	260	(18,887)
23	Net Cash Provided (Used) By Financing Activities.....	260	(18,920)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	(8,980)	(9,047)
25	Cash and Cash Equivalents at Beginning of Period.....	22,437	28,937
26	Cash and Cash Equivalents at End of Period.....	\$ 13,457	\$ 19,890
	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized).....	\$ 10,088	\$ 10,849
28	Income Taxes.....	\$ 4,208	\$ 5,102

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	\$ 4,691	\$ 5,986
	Noncash Items Included in Income and Cash Items		
	Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	8,438	8,726
31	Amortization of Other Assets.....	2	4
32	Amortization of Debt Discount or Premium.....	-	-
33	Deferred Income Taxes - Current.....	-	-
34	Deferred Income Taxes - Noncurrent.....	-	-
35	(Gain) Loss on Disposition of Property and Equipment.....	(13)	(36)
36	(Gain) Loss on Casino Reinvestment Obligations.....	383	591
37	(Gain) Loss from Other Investment Activities.....	-	-
	Net (Increase) Decrease in Receivables and Patrons'		
38	Checks.....	(1,238)	(2,747)
39	Net (Increase) Decrease in Inventories.....	221	185
40	Net (Increase) Decrease in Other Current Assets.....	358	677
41	Net (Increase) Decrease in Other Assets.....	12	(5,006)
42	Net Increase (Decrease) in Accounts Payable.....	(4,119)	(3,912)
	Net Increase (Decrease) in Other Current Liabilities		
43	Excluding Debt.....	(3,435)	9,075
	Net Increase (Decrease) in Other Noncurrent Liabilities		
44	Excluding Debt.....	105	98
45	Impairment Loss.....	-	-
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 5,405	\$ 13,641

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment.....	\$ 13,662	\$ 3,098
49	Less: Capital Lease Obligations Incurred.....		
50	Cash Outflows for Property and Equipment.....	\$ 13,662	\$ 3,098
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....		
52	Goodwill Acquired.....		
	Net Assets Acquired Other than Cash, Goodwill, and		
53	Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	Cash Outflows to Acquire Business Entities.....	\$ -	\$ -
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions.....		
58	Less: Issuances to Settle Long-Term Debt.....		
59	Consideration in Acquisition of Business Entities.....		
60	Cash Proceeds from Issuing Stock or Capital Contributions.....	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED MARCH 31, 2005

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	133,367	\$ 5,721		\$
2	Food	397,623	6,459		
3	Beverage	896,557	3,225		
4	Travel			4,163	1,065
5	Bus Program Cash	132,631	1,979		
6	Other Cash Complimentaries	135,023	8,219		
7	Entertainment	69,866	1,326	11,995	480
8	Retail & Non-Cash Gifts	33,713	764	34,752	3,728
9	Parking	48,033	48	48,033	144
10	Other *	437	97	46,509	557
11	Total	1,847,250	\$ 27,838	145,452	\$ 5,974

* No item in this category exceeds 5%.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

Boardwalk Regency Corporation (the "Company"), a New Jersey corporation, is a wholly owned subsidiary of Caesars New Jersey, Inc. ("CNJ"), a New Jersey corporation. The Company owns and operates Caesars Atlantic City Hotel/Casino ("CAC") in Atlantic City, New Jersey. CNJ is a wholly owned subsidiary of Caesars World, Inc. ("CWI"), a Florida corporation, and CWI is a wholly owned subsidiary of Caesars Entertainment, Inc. ("CEI"). In early January 2004, CEI changed its name from Park Place Entertainment to Caesars Entertainment. The Company operates in the industry segment and all significant revenues arise from its casino and supporting hotel operations.

All adjustments to these financial statements have been recorded and are, in the opinion of management, necessary for a fair presentation of the balance sheets for the Company at March 31, 2005 and 2004, and its statements of income for the three months ended March 31, 2005 and 2004 and its statements of cash flows for the three months ended March 31, 2005 and 2004. All such adjustments were of a normal recurring nature.

Seasonal factors

The Company's operations are subject to seasonal factors and, therefore, the results of operations of the three months ended March 31, 2005 and 2004 are not necessarily indicative of the results of operations for the full year.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Revenue recognition and promotional allowances

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The Statement of Income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the weighted average cost method.

Property and equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated economic lives of the related assets. Depreciation expense was \$8,438 and \$8,726 for the three months ended March 31, 2005 and 2004, respectively.

<u>Asset class</u>	<u>Life</u>
Buildings	40 years
Building improvements	3-10 years
Furniture, Fixtures and Equipment	3-10 years

Connection Card Program

The Connection Card Program allows players to earn credits that may be accumulated over time and redeemed at their discretion at any CEI casino in the United States in accordance with the rules of the program. The Company records an estimated liability for the incremental cost of providing goods and services under the program at the time the credits are earned.

Fair values of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt, approximate their recorded book values at March 31, 2005 and 2004.

Accounting Pronouncements

In November 2002, the FASB issued Interpretation No ("FIN") 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of the Indebtedness of Others." FIN No. 45 elaborates on the disclosures to be made by a guarantor about its obligations under certain guarantees issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of this Interpretation apply to guarantees issued or modified after December 31, 2002. Implementation of this Interpretation did not have a material impact on the Company's financial statements.

In 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities." FIN No.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

In 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities." FIN No. 46 addresses consolidation of entities that are not controllable through voting interest or in which the equity investors do not bear the residual economic risks and rewards. These entities have commonly been referred to as special purpose entities. The Interpretation provides guidance related to identifying variable interest entities and determining whether such entities should be consolidated. It also provides guidance related to the interest in newly consolidated variable interest entities and requires disclosures for both the primary beneficiary of a variable interest entity and other beneficiaries of the entity. Implementation of this Interpretation did not have a material impact on the Company's financial statements, as the Company does not have any variable interest entities.

Income taxes

Taxable income or loss of the Company is included in the consolidated Federal income tax return of CEI. The Company provides for income taxes by applying the respective state and federal statutory rates to pre-tax financial statement income. The corresponding liability or receivable is credited or charged to its corporate parent. Deferred income taxes and liabilities for temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by CEI in accordance with the tax sharing agreement between CEI and the Company.

New Jersey tax legislation

The New Jersey State Legislature passed a bill to increase taxes on the New Jersey casino industry, beginning in the State's fiscal year 2004 (starting July 1, 2003). Included in this legislation is a tax on net profits, taxes on certain complimentaries, and increases in parking, rooms and other fees. Profits tax expense is reflected in the provision for income taxes. Other taxes are reflected in selling, general and administrative expenses.

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by (i) investing in qualified eligible direct investments, (ii) making qualified contributions or (iii) depositing funds with the Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have varying terms of up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

The twelve Atlantic City casino properties (the "AC Industry") and the CRDA have entered

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

funding to subsidize New Jersey's horseracing industry. In exchange for this funding, the NJSEA and the three active New Jersey racetracks will not conduct any casino gaming at the racetracks prior to January 1, 2009. As part of the agreement, the AC Industry will provide \$34 million over a four year period to the NJSEA and must deposit another \$62 million into the Casino Expansion Fund (managed by the CRDA). The \$62 million will be derived from funds either currently on deposit or to be deposited with the CRDA pursuant to each casino property's investment obligation. The Company's obligation is equal to its fair-share of AC Industry casino revenues. The Company estimates this commitment over the four year period to be a total of \$3,700, the first payment of which was made November 2004. The total estimated commitment will be charged to operations on a straight line basis through January 1, 2009. Once the Company meets its deposit obligation related to its fair share of the \$62 million, the Company is eligible to receive funds from the Casino Expansion Fund for qualified construction expenditures. The Company has until June 30, 2014 to submit an application to exhaust its share of the Casino Expansion Fund. Any funds not transferred out of the Casino Expansion Fund by the required date will be transferred to funds on deposit with the CRDA pursuant to its ongoing investment obligations.

Allocations and transactions with related parties

The Company transfers cash in excess of its operating needs to CEI on a daily basis. CEI provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other CEI affiliates are consolidated, including limousine services, advertising, sales and marketing services, purchasing and other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable.

CEI allocates certain expenses to the Company, such as information technology, internal audit and risk management. These expenses are allocated using various formulas based on estimates of utilization of such expenses. Management believes that the methods used to allocate these costs are reasonable.

Merger Agreement

On July 14, 2004, CEI, Harrah's Entertainment, Inc. ("Harrah's") and Harrah's Operating Company, Inc., a wholly-owned subsidiary of Harrah's, entered into an Agreement and Plan of Merger (the "Merger Agreement"), providing for the merger of CEI with and into Harrah's Operating Company, Inc., which would be the surviving corporation.

On March 11, 2005, the stockholders of CEI and Harrah's approved the Merger Agreement. The transaction with Harrah's is still subject to a number of conditions, including, among other

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

On March 11, 2005, the stockholders of CEI and Harrah's approved the Merger Agreement. The transaction with Harrah's is still subject to a number of conditions, including, among other things the receipt of all necessary antitrust, gaming and other approvals, and the satisfaction or waiver of all other conditions precedent.

NOTE 2 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of March 31 consist of the following:

	<u>2005</u>	<u>2004</u>
Casino receivables (net of allowance for doubtful accounts – 2005, \$8,592 2004, \$7,001)	\$ 11,403	\$ 13,606
Other (net of allowance for doubtful accounts – 2005, \$113; 2004, \$289)	7,560	5,446
Due from CEI	99,960	111,674
Due from other affiliates	<u>893</u>	<u>846</u>
	<u>\$119,816</u>	<u>\$131,572</u>

NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of March 31 consist of the following:

	<u>2005</u>	<u>2004</u>
CRDA deposits	\$ 14,115	\$ 14,983
CRDA bonds receivable	3,026	3,075
CRDA Seat License Agreement	4,149	4,624
CRDA Long-term note receivable	832	859
CRDA Donations	550	740
Other, net	<u>20</u>	<u>36</u>
	22,692	24,317
Less: valuation allowance on CRDA investments	<u>(5,991)</u>	<u>(6,306)</u>
	<u>\$ 16,701</u>	<u>\$ 18,011</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of March 31 consist of the following:

	<u>2005</u>	<u>2004</u>
Land	\$ 117,908	\$ 118,090
Buildings and improvements	525,258	551,732
Furniture, fixtures and equipment	231,397	227,694
Construction in progress	<u>60,919</u>	<u>7,011</u>
	935,482	904,527
Less accumulated depreciation and amortization	<u>(397,766)</u>	<u>(382,854)</u>
	<u>\$ 537,716</u>	<u>\$ 521,673</u>

NOTE 5 – OTHER ASSETS

During May 2003, the Company entered into an agreement to lease the Ocean One Pier (the “Pier”) to developers for an initial term of 75 years. The 75 year term commences upon completion of the Pier’s construction which is currently expected to be in the first quarter 2006. The lease agreement provides for the repayment of certain qualified pier development costs incurred by the developers.

As financing for the qualified pier development costs, the Company and certain of its Atlantic City affiliates entered into a credit agreement (the “Credit Agreement”) with the CRDA. The Credit Agreement provides for funding from the CRDA of up to \$33,000 for qualified development costs. The CRDA funding will come from amounts either currently on deposit or to be deposited with the CRDA pursuant to the Company’s and its affiliates’ investment obligations. Repayments to the developers are limited to the funds received from the CRDA. As of March 31, 2005, the Company has received \$4,674 of previously deposited funds from the CRDA.

As of March 31, 2005, the Company repaid the developers approximately \$25,000 through CRDA funds previously deposited by an affiliate. These payments are considered lease incentive payments and will be amortized over the life of the lease.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 6 – NOTES PAYABLE

At December 31, 2000, the Company entered into an uncommitted \$50,000 credit facility with Caesars Entertainment Finance Corporation (CEFC), a wholly owned subsidiary of CEI. At March 31, 2005 and 2004, respectively, there was no outstanding balance.

NOTE 7 - OTHER ACCRUED EXPENSES

Other accrued expenses as of March 31 consist of the following:

	<u>2005</u>	<u>2004</u>
Accrued payroll and benefits	\$12,022	\$13,813
Insurance claims	3,294	4,165
Real estate taxes	3,727	3,481
Lease termination fee	8,000	-
Other	<u>10,669</u>	<u>10,025</u>
	<u>\$37,712</u>	<u>\$31,484</u>

In December 2004, the Company entered into an agreement to terminate a lease with a lessee. Under the agreement, the Company will pay the lessee an early termination fee of \$8,000.

NOTE 8- OTHER CURRENT LIABILITIES

Other current liabilities as of March 31 consist of the following:

	<u>2005</u>	<u>2004</u>
Due to affiliates	\$52,613	\$62,577
Unredeemed slot promotions liability	1,905	2,205
Unredeemed chip and token liability	1,987	1,932
Connection Card liability	3,577	4,541
Other	<u>2,124</u>	<u>1,710</u>
	<u>\$62,206</u>	<u>\$72,965</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 9 - LONG-TERM DEBT - DUE TO AFFILIATES

Long-term debt - due to affiliates as of March 31, 2005 and 2004, respectively consists of a Caesars Entertainment Finance Corp note due December 31, 2010 at 8.50%.

NOTE 10 - LONG-TERM DEBT, OTHER

Long-term debt, other as of March 31 consists of the following:

	<u>2005</u>	<u>2004</u>
Mortgage Note due October 15, 2011		
Interest at 10.0%	\$ 692	\$ 720
Less: current maturities	<u>(31)</u>	<u>(28)</u>
	<u>\$ 661</u>	<u>\$ 692</u>

NOTE 11 - CHARGES FROM AFFILIATES - MANAGEMENT FEE

The Company has recorded expenses for the three months ended March 31 from CWI and affiliates as follows:

		<u>2005</u>	<u>2004</u>
<u>Affiliate</u>	<u>Transaction</u>		
Caesars World, Inc.	Management fee	\$ 3,772	\$ 3,881
Caesars Palace Corp.	Trade name fee	<u>1,614</u>	<u>1,635</u>
		<u>\$ 5,386</u>	<u>\$ 5,516</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 12 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) for the three months ended March 31 consists of the following:

	<u>2005</u>	<u>2004</u>
Interest income	\$ 98	\$ 71
Loss on lease buyout	(281)	-
Gain (loss) on disposal of equipment	<u>13</u>	<u>36</u>
	<u><u>\$(170)</u></u>	<u><u>\$ 107</u></u>

In February 2005, the Company entered into an agreement to terminate a lease with a lessee. A non- operating charge of \$281 was recorded on the statements of income.

STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2 (b) 1-5 during the quarter.



Signature

Vice President/Controller

Title

#6908-11

License Number

On Behalf Of:

Boardwalk Regency Corporation

Casino Licensee